Environmental, Social, and Governance Bonds in ASEAN+3

The amount of environmental, social, and governance (ESG) bonds outstanding in ASEAN+3 has steadily risen in recent quarters (Figure 14). At the end of December, the outstanding stock of ESG bonds in the region reached USD265.8 billion on growth of 6.3% quarter-on-quarter and 34.8% year-on-year.

Green bonds dominate the regional ESG bond stock, accounting for about 76.4% of ESG bonds outstanding and totaling USD203.1 billion at the end of December. However, green bonds’ share of the total ESG bond stock declined in 2020 due to the rapid rise in issuance of social bonds and sustainability bonds. Social bonds’ share of the total ESG bond stock rose from only 4.9% at the end of 2019 to 11.6% at the end of 2020, while the share of sustainability bonds increased from 8.1% to 11.9% in the same period.

Corporate bonds dominate the regional ESG bond market, accounting for nearly 90% of aggregate ESG bonds outstanding at the end of December. Green bonds and sustainability bonds, in particular, are largely corporate bonds (Figure 15). In contrast, social bonds have largely been issued by corporates with government affiliations.

---

8 ESG bond data were obtained from Bloomberg using the SRCH function. ESG bonds are labeled as such per Bloomberg’s “use of proceeds” to identify green, social, and sustainability bonds. In addition, bonds with a Bloomberg New Energy Finance Rating of A1 are included as green bonds.

9 Corporate bonds include both bonds issued by private sector corporations and corporations with government affiliations.
By type of issuer, the majority of green bonds and sustainability bonds have been issued by firms from the financial sector, which accounted for issuance shares of 50% and 71%, respectively, at the end of December 2020 (Figures 16). Governments remain the dominant issuers of social bonds.

In terms of regional market share by economy, the People’s Republic of China was the largest issuer of green bonds at the end of December 2020 with a share of 72% of the region’s total outstanding green bonds (Figure 17). Japan was the next largest with a share of 11%. ASEAN markets had an aggregate 6% share of green bonds outstanding.

For social bonds, the Republic of Korea was the majority issuer at the end of December 2020 with a regional market share of 52%, followed by Japan with a share of 45%. ASEAN markets had an aggregate share of 0.06%.

The Republic of Korea was also the dominant issuer of sustainability bonds at the end of December 2020, with a share of 40%. Japan was next largest with a share of 33%. ASEAN markets were relatively larger issuers of sustainability bonds than other ESG bond types with a regional share of 19%.

Notes:
1. Data as of 31 December 2020.
2. ASEAN include the markets of Indonesia, Malaysia, the Philippines, Singapore, and Thailand.
3. ASEAN+3 includes the ASEAN member and the People’s Republic of China, the Republic of Korea, and Japan.
4. For social bonds, ASEAN share for 2020 is 0.06%.
Source: AsianBondsOnline computations based on Bloomberg LP data.
ESG bonds in ASEAN+3 markets were mostly issued in local currency (LCY). In the green bond market, LCY bonds accounted for about 67% of the total outstanding at the end of December 2020 (Figure 18). While in the social bond market, LCY bonds represented 73% of the total. In contrast, a majority (60%) of sustainability bonds were issued in foreign currency.

**Figure 18: Environmental, Social, and Governance Bonds Outstanding in ASEAN+3 by Type of Currency (% share of total)**

- **Green Bonds**: 33% Local Currency, 67% Foreign Currency
- **Social Bonds**: 27% Local Currency, 73% Foreign Currency
- **Sustainability Bonds**: 40% Local Currency, 60% Foreign Currency

**Notes:**
1. Data as of 31 December 2020.
2. ASEAN include the markets of Indonesia, Malaysia, the Philippines, Singapore, and Thailand.
3. ASEAN+3 includes the ASEAN member and the People’s Republic of China, the Republic of Korea, and Japan.

Source: AsianBondsOnline computations based on Bloomberg LP data.